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**UNITED STATES BANKRUPTCY COURT**

**NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION**

In re

FIRST VIRTUAL COMMUNICATIONS,  
INC.,

Debtor.

Tax ID No. 77-0357037

In re

CUseeMe NETWORKS, INC.

Debtor.

Tax ID No. 04-3151604

Case No. 05-30145 TEC

Case No. 05-30146 TEC

Jointly Administered Chapter 11 Cases

**NOTICE OF HEARING ON MOTION TO  
SUBSTANTIVELY CONSOLIDATE  
ESTATES OF CHAPTER 11 DEBTORS**

DATE: November 14, 2005

TIME: 9:30 a.m.

PLACE: U.S. Bankruptcy Court  
235 Pine Street,  
San Francisco, CA 94104

JUDGE: Hon. Thomas E. Carlson

1 **TO: ALL CREDITORS, OFFICE OF THE UNITED STATES TRUSTEE, PARTIES**  
2 **REQUESTING SPECIAL NOTICE AND OTHER PARTIES IN INTEREST**

3 **PLEASE TAKE NOTICE** that a hearing will be held before the United  
4 States Bankruptcy Court for the Northern District of California, San Francisco Division,  
5 the Honorable Thomas E. Carlson presiding, located at 235 Pine Street, Courtroom 23,  
6 San Francisco, California, on November 14, 2005 at 9:30 a.m. (Pacific Time), or as soon  
7 thereafter as counsel may be heard, on the motion by the Official Committee of  
8 Unsecured Creditors (the "Committee") appointed in the above-captioned cases and First  
9 Virtual Communications, Inc. ("FVC") and CUseeMe Networks, Inc. ("CUseeMe")  
10 (collectively, the "Debtors") to substantively consolidate the Debtors' Chapter 11 estates.

11 By the motion, the Committee and the Debtors seeks to substantively  
12 consolidate the Chapter 11 estates of FVC and CUseeMe pursuant to 11 U.S.C. § 105  
13 and Federal Rule of Bankruptcy Procedure 1015 for purposes of voting and distributions  
14 under and in furtherance of the *First Amended Joint Chapter 11 Plan Of Reorganization*  
15 (the "Plan") proposed by the Debtors and the Committee. Hearing on confirmation of the  
16 Plan, which expressly contemplates the relief sought by this motion, is scheduled for the  
17 same date and time as the hearing on this motion.

18 The motion is being made for three principal reasons. First, the Debtors  
19 and their creditors have dealt with the Debtors as a single economic unit. Second, the  
20 affairs of FVC and CUseeMe are so entangled that the cost of attempting to identify and  
21 allocate the separate assets and liabilities of FVC and CUseeMe are prohibitive. Third,  
22 there would be no corresponding benefit offsetting the cost of such an undertaking.

23 If granted, substantive consolidation would have three principal effects.  
24 First, it will eliminate all the intercompany claims between and among the Debtors and  
25 their estates without entitlement to any distribution under the Plan. Second, it will  
26 eliminate guaranties of each Debtor against the other; thus, any joint and several liability  
27 of either of the Debtors shall be deemed to be one obligation of the substantively  
28 consolidated Debtors. Finally, as a result of the substantive consolidation, on the

1 effective date of the Plan, all property, rights and claims of the Debtors and their estates,  
2 and all claims against the Debtors and their estates will be deemed pooled for purposes  
3 of allowance, treatment and distribution under the Plan.

4 **PLEASE TAKE FURTHER NOTICE** that the motion is based on this notice  
5 of hearing, the motion, the declaration of Gregory Sterling and the memorandum of points  
6 and authorities in support of the motion filed concurrently herewith (the "Motion  
7 Documents"), the argument of counsel to be made at the hearing on the motion, the  
8 documents on file with the Court in the Debtors' cases, and such other and further  
9 evidence that the Court may consider at the hearing. Any party in interest may obtain a  
10 copy of the Supporting Documents by submitting a request in writing to counsel for the  
11 Committee at the following address: **SulmeyerKupetz**, 1080 Marsh Road, Suite 110,  
12 Menlo Park, CA 94025, Attn: Christopher Alliotts, Esq., Facsimile Number (650) 326-  
13 5134, or at [calliotts@sulmeyerlaw.com](mailto:calliotts@sulmeyerlaw.com).

14 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Bankruptcy Local  
15 Rule 9014-1, any opposition to the motion must be filed and served upon counsel for the  
16 Committee, **SulmeyerKupetz**, 1080 Marsh Road, Suite 110, Menlo Park, CA 94025, Attn:  
17 Christopher Alliotts, Esq., **by no later than November 9, 2005**. Any opposition must be  
18 accompanied by any declarations or memoranda of law that the opposing party wishes to  
19 present in support of its position. If there is no timely opposition, the Court may grant the  
20 relief requested in the motion by default.

21 DATED: October 21, 2005

**SULMEYERKUPETZ**  
A Professional Corporation

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23 By: /s/ Christopher Alliotts  
24 Christopher Alliotts  
25 Attorneys for the Official Committee  
26 of Unsecured Creditors  
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